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SUBJECT: RUSSIA PUSHES TO COMMERCIALIZE SPACE

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Summary  
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**¶1.** (SBU) Despite delays in the development of Russia's GLONASS satellite navigation system as an alternative to U.S. GPS, the GOR is pressing forward to make GLONASS global by 2010 and to develop Russia's commercial space industry. To achieve these goals, the GOR has granted Russia's Federal Space Agency (Roscosmos) centralized control over all GLONASS' civilian operations. It also launched a "Space 2020" program to encourage ambitious space programs and attract global investment in Russia's space projects. END SUMMARY.

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IF AT FIRST YOU DON'T SUCCEED...  
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**¶2.** (SBU) On March 21, the GOR's Military-Industry Commission (MIC, an advisory council chaired by First Deputy Prime Minister Sergey Ivanov) discussed the failure of GLONASS to meet its target of full coverage of Russian territory by 2008. The MIC identified GLONASS' lack of centralized management as a key barrier to success. Members noted that there are several individuals or agencies in charge of different parts of the process, but no single entity to oversee the entire project. In addition to recommending that one Ministry or Agency be assigned to manage all aspects of GLONASS, the MIC also proposed that a Chief Engineer be appointed to coordinate the development and production of GLONASS/GPS receivers.

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...REQUEST MORE MONEY  
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**¶3.** (U) On March 27, Russia's Federal Space Agency (Roscosmos) asked the GOR to double its yearly funding for GLONASS to 20 billion rubles (\$869 million.) Roscosmos Head Anatoly Perminov claims the increase is needed to make GLONASS fully operational. The previous allocated funding (\$410 million in 2007, 430 million in 2008 and 450 million in 2009) is not sufficient to reach the GOR's goal of global coverage by 2010.

**¶4.** (SBU) The impetus behind the large funding request became clear on April 7, when the GOR announced that Roscosmos would assume oversight responsibility for all GLONASS civilian operations. This decision significantly expands Roscosmos' authority, which previously extended only to launching and maintaining GLONASS satellites. It also fulfills the MIC's recommendation to assign a single manager to the project. Roscosmos was selected over other ministries under consideration, including Defense, IT and Telecommunications, and Economic Development and Trade. The GOR

amended Roscosmos' by-laws to confer full GLONASS oversight authority.

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THE BUSINESS SIDE OF SPACE  
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15. (U) On April 11, President Putin's Security Council discussed a "Space 2020" program, in which Putin pledged to implement ambitious space programs and attract global investment to Russia's space projects. In his address to the Council, Putin underlined the importance of GLONASS becoming "global and competitive" in space and called for an end to Russia's role as a "space taxi cab driver." Putin suggested that Russia's rapidly-developing business community could help finance space projects that are now dependent on government funding.

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GLONASS UPDATE  
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16. (SBU) On April 4, Sergey Revnivykh, Deputy Director for Roscosmos' Central Research Institute of Machine Building (CRIMB), gave us an update on GLONASS' satellite deployment. Revnivykh reported that there are currently 16 satellites in orbit -- 3 "GLONASS" models and 13 "GLONASS-M" models. One of the 16 is not operational (Roscosmos terms it "in maintenance".) The 15 operational satellites provide about 75 percent global coverage. Revnivykh admitted that GLONASS is a year behind schedule, but insisted that such a delay is normal given the complexity of the technology. He noted that GLONASS designers expect satellites guaranteed for three years of service life to actually operate for five years, providing a boost to total coverage. Roscosmos is planning two more launches in September and November, 2008, bringing

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total satellites to 18, the number required for full Russian coverage. An additional six satellites, needed to provide global coverage, will be launched between 2009 and 2011.

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STYLE OVER SUBSTANCE AT SPACE FORUM  
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17. (U) As part of Putin's plan to attract global investment to Russia's space programs, GOR Ministries and industry groups sponsored the Second International Satellite Navigation Forum, April 7-8 in Moscow. The Forum attracted 1200 participants from 25 countries, representing more than 350 businesses and organizations. Organizers played background music by "Space" (a 1980s French group popular in the Soviet Union), while Forum staff donned shiny silver costumes. Models roamed the halls in space-themed body paint (and little else.) The Plenary featured a laser light show. Despite these attractions, keynote speaker Deputy Prime Minister Sergei Ivanov was a no-show, and the Forum was headlined by Yuri Nosenko, Deputy Head of Roscosmos.

18. (SBU) At the Plenary, Yuri Urlichich, Chief Designer for GLONASS and Head of the Russian Research Institute of Space Device Engineering and (which supplies instruments for GLONASS satellites), noted that Roscosmos intends to eventually expand the GLONASS network to 30 satellites, to protect the grid from malfunctioning units. (Note: the U.S. GPS system has 31 satellites for the same reason.) Pedro Pedreira, Executive Director of European GNSS Supervisory Authority (GSA), also provided an update on the EU's Galileo system.

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Comment  
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19. (SBU) We have learned rumors for months that the Medvedev Administration might replace Roscosmos Head Anatoly Perminov. DPM Ivanov's strident public criticism of Perminov's failure to meet GLONASS targets was a primary impetus for the rumors. There are also indications that as Prime Minister, Putin intends to assert

direct control over Roscosmos and manage the development of space technologies.

BURNS